## SENATE DEMOCRATIC CAUCUS

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## Lawmakers Seek Crackdown on Crooked Building Contractors

Legislation offers protection for consumers, stiffer penalties for unscrupulous builders

LANSING- State Senators **Ray Basham** (D-Taylor), **Burton Leland** (D-Detroit), **Hansen Clarke** (D-Detroit) **Martha G. Scott** (D-Detroit), and **Gilda Jacobs** (D-Huntington Woods) announced a package of bills today to address the problem of building contractors who take advantage of consumers. The legislation, Senate Bills 826, 827, and 828, protect consumers from disreputable contractors by increasing penalties for illegal activity, providing tools and incentives to go after bad actors, and minimizing the opportunities for abuse.

"Most agree that problems within the building contracting industry are largely related to unlicensed contractors. Their 'businesses' often consist of little more than a business card," said Sen. Basham. "Their work is frequently shoddy, if it is done at all. This bill package cracks down on these fly-by-night operations by increasing fines and penalties for any unlicensed contractors that don't live up to their end of the deal."

The bills would require courts to make information available to consumers when violations by contractors occur; give additional powers to law enforcement to bring charges against offenders; and drastically increase the fines and penalties for unscrupulous contractors.

"Every year, unsuspecting Michigan residents have their home attacked by unscrupulous contractors looking to take advantage of citizens who wish to do nothing more than make their home a better place to live," said Sen. Leland. "We do not hesitate to regulate predatory corporate activity, and individual contractors should be no different."

The legislative package is the result of several months' work by the Senate Bipartisan Bad Contractors Work Group and makes revisions to the Occupational Code, the Revised Judicature Act, and the State License Fee Act. Members of the work group included Senator Ray Basham, Senator Mike Bishop, Senator Nancy Cassis, Senator Irma Clark-Coleman, Senator Hansen Clarke, Senator Gilda Jacobs, Senator Burton Leland, Senator Dennis Olshove, Senator Alan Sanborn, Senator Martha Scott and Senator Mickey Switalski.

"This legislation simply says if you're not willing to play by the rules, there is a price to pay," said Sen. Clarke. "Hopefully it will make someone think twice before attempting to ripoff vulnerable homeowners."

"For too long, honest people have been lured into a carefully crafted trap of deception by contractors who promise to do home improvements, but never get the job done," said Sen. Scott. "It's time to get tough with dishonest contractors and put an end to their predatory schemes."

"Home building and remodeling is a difficult process, and even with the best of workers the experience can become a nightmare. That's why we're proposing legislation that will make records of past bad performance of contractors accessible to the public," Sen. Gilda Z. Jacobs (D-Huntington Woods). "This legislation will provide consumers access to the information they need to make sound hiring decisions."

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[Editor's note: Additional details of the legislation are attached.]

## Highlights of Senate Bills 826, 827, 828

- 1) Increase the penalty for the first offense for doing business as an unlicensed contractor to at least a misdemeanor with 93 days of jail time.
- 2). Increase the fines for doing business as an unlicensed contractor (\$2,000 for the first offense and \$5,000 for a second or subsequent offense.)
- 3). Allow the Department, Attorney General, or Prosecuting Attorney to bring a civil suit against an unlicensed builder and provide for fines of \$5,000 to \$50,000.
- 4). Allow for forfeiture and seizure of property for unlicensed contractors.
- 5). Require courts to report licensing convictions and judgments to DLEG.
- 6). Require all qualifying officers to also be individually licensed as a contractor.
- 7). Connect judgments, fines, and license suspensions, revocations or denials against a corporate entity to the qualifying officer.
- 8). Require restitution in judgments (administrative, criminal or civil).
- 9). Require a default judgment with prejudice against licensee if the licensee doesn't participate in final order hearing.
- 10). Prohibit an unlicensed contractor from putting a lien on a home.
- 11). Apply the licensing provisions for contractors in Section 2411 to unlicensed contractors.
- 12). Gives a person cause of action in court if they suffer damages by an unlicensed contractor.

- 13). Require that DLEG receive complaints on unlicensed builders.
- 14). Allow DLEG mediation services to be available for all disputes whether involving licensed or unlicensed activity.
- 15). Increase the license fee from the current \$80 for a two-year license to \$180 for a three-year license and increase the examination fee from the current \$50 to \$100.
- 16). Change the licensing schedule to every three years to coincide with building code updates.
- 17). Require a photo copy of the license be included in all contracts.